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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No 1545-0047

2018

Open to Public Inspection

A For the 2019 calendar year, or tax year beginning 01-01-2018 , and ending 12-31-2018

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Final return/terminated

☐ Amended return

☐ Application pending

C Name of organization

ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Doing business as

ERCOT

Number and street (or P O box if mail is not delivered to street address)

7620 METRO CENTER DRIVE

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

AUSTIN, TX 787441613

F Name and address of principal officer

WILLIAM MAGNESS
7620 METRO CENTER DRIVE
AUSTIN, TX 787441613

D Employer identification number

74-2587416

E Telephone number

(512) 225-7000

G Gross receipts \$ 244,963,920

I Tax-exempt status

☐ 501(c)(3)

☒ 501(c) (4)

(insert no)

☐ 4947(a)(1) or

☐ 527

J Website: WWW ERCOT COM

K Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other

L Year of formation 1990

M State of legal domicile TX

Part I

Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities

SEE SCHEDULE O

2 Check this box

☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)

3

15

4 Number of independent voting members of the governing body (Part VI, line 1b)

4

14

5 Total number of individuals employed in calendar year 2018 (Part V, line 2a)

5

811

6 Total number of volunteers (estimate if necessary)

6

18

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a

0

7b Net unrelated business taxable income from Form 990-T, line 34

7b

21,246

Revenue

8 Contributions and grants (Part VIII, line 1h)

9 Program service revenue (Part VIII, line 2g)

10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)

11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)

12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)

Prior Year

0

219,326,865

2,935,183

5,086

222,267,134

Current Year

18,117

231,838,269

13,106,461

1,073

244,963,920

Expenses

13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)

14 Benefits paid to or for members (Part IX, column (A), line 4)

15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)

16a Professional fundraising fees (Part IX, column (A), line 11e)

16b Total fundraising expenses (Part IX, column (D), line 25)

17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)

18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)

19 Revenue less expenses Subtract line 18 from line 12

0

0

104,301,709

0

100,177,036

204,478,745

17,788,389

0

0

106,877,847

0

102,256,842

209,134,689

35,829,231

Net Assets or Fund Balances

20 Total assets (Part X, line 16)

21 Total liabilities (Part X, line 26)

22 Net assets or fund balances Subtract line 21 from line 20

Beginning of Current Year

1,223,782,330

1,169,249,541

54,532,789

End of Year

1,529,764,219

1,439,446,829

90,317,390

Part II

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer

SEAN TAYLOR VP AND CFO

Type or print name and title

2019-11-06

Date

Paid Preparer Use Only

Print/Type preparer's name

Firm's name BAKER TILLY VIRCHOW KRAUSE LLP

Firm's address 777 E WISCONSIN AVE 32ND FLOOR
MILWAUKEE, WI 53202

Preparer's signature

Firm's EIN 39-0859910

Phone no (414) 777-5500

Date 2019-11-06

Check if self-employed

PTIN P00187863

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes

☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2018)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission

WE SERVE THE PUBLIC BY ENSURING A RELIABLE GRID, EFFICIENT ELECTRICITY MARKETS, OPEN ACCESS AND RETAIL CHOICE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a	(Code)	(Expenses \$ 159,101,394	including grants of \$	(Revenue \$ 244,870,375)
See Additional Data				














4b	(Code)	(Expenses \$	including grants of \$	(Revenue \$)
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4c	(Code)	(Expenses \$	including grants of \$	(Revenue \$)
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4d	Other program services (Describe in Schedule O)		
	(Expenses \$	including grants of \$	(Revenue \$)

4e	Total program service expenses ▶	159,101,394
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	No
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9 Yes	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	No

Part IV Checklist of Required Schedules (continued)

		Yes	No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23 Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26	No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38 Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance		Yes	No
Check if Schedule O contains a response or note to any line in this Part V <input type="checkbox"/>			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 271	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	

2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		2a	811			
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?				3a	Yes	
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O				3b	Yes	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?				4a		No
b If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)						
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?				5a		No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?				5b		No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?				5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?				6a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?				6b		
7 Organizations that may receive deductible contributions under section 170(c).						
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?				7a		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?				7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?				7c		
d If "Yes," indicate the number of Forms 8282 filed during the year				7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?				7e		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?				7f		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?				7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?				7h		
8 Sponsoring organizations maintaining donor advised funds.						
Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?				8		
9a Did the sponsoring organization make any taxable distributions under section 4966?				9a		
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?				9b		
10 Section 501(c)(7) organizations. Enter						
a Initiation fees and capital contributions included on Part VIII, line 12				10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities				10b		
11 Section 501(c)(12) organizations. Enter						
a Gross income from members or shareholders				11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)				11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?						
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year				12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O				13a		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans				13b		
c Enter the amount of reserves on hand				13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?				14a		No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O				14b		
15 Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N				15		No
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O				16		No

Part VI

Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI ☒

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	Yes	
b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13.	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official.	Yes	
b	Other officers or key employees of the organization.	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed: _____

18 Section 6104 requires an organization to make its Form 1023 (or 1024-A if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records:
 ▶ SEAN TAYLOR VP AND CFO 7620 METRO CENTER DRIVE AUSTIN, TX 787441613 (512) 225-7000

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☐

1

● List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

● List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

● List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

[illegible]

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

[illegible]

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A			
d Total (add lines 1b and 1c)	6,761,242	0	1,245,303

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 459

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A)	(B)	(C)
Name and business address	Description of services	Compensation
ALLEGIS GROUP SERVICES INC 14155 COLLECTION CTR DR CHICAGO, IL 60693	CONTINGENT WORKFORCE	13,948,230
POTOMAC ECONOMICS LTD 9990 FAIRFAX BLVD SUITE 560 FAIRFAX, VA 22030	INDEPENDENT MKT MONITOR	3,683,330
ABB INC PO BOX 88868 CHICAGO, IL 606951868	IT CONSULTING	2,232,499
PERSISTENT SYSTEMS INC 2055 LAURELWOOD RD STE 210 SANTA CLARA, IL 75054	IT CONSULTING	1,405,482
SIRIUS COMPUTER SOLUTIONS INC PO BOX 202289 DALLAS, TX 753202289	IT CONSULTING	1,348,142

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ► 28

Part VIII		Statement of Revenue				
Check if Schedule O contains a response or note to any line in this Part VIII <input type="checkbox"/>						
		(A)	(B)	(C)	(D)	
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a				
	b Membership dues . . .	1b				
	c Fundraising events . . .	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	18,117			
	g Noncash contributions included in lines 1a - 1f \$ _____					
h Total. Add lines 1a-1f ▶		18,117				
Program Service Revenue			Business Code			
	2a ELECTRIC RELIABILITY PROGRAM SERV	221000	192,478,127	192,478,127		
	b MUNICIPAL SERVICE PROGRAM REVENUE	221000	39,015,492	39,015,492		
	c MEMBERSHIP DUES	221000	344,650	344,650		
	d _____					
	e _____					
	f All other program service revenue					
g Total. Add lines 2a-2f ▶		231,838,269				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶		13,091,015	13,032,106		58,909
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
			(i) Real	(ii) Personal		
	6a Gross rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) ▶					
			(i) Securities	(ii) Other		
	7a Gross amount from sales of assets other than inventory		15,446			
	b Less cost or other basis and sales expenses		0			
	c Gain or (loss)		15,446			
	d Net gain or (loss) ▶		15,446			15,446
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events . . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 a					
b Less direct expenses b						
c Net income or (loss) from gaming activities . . . ▶						
10a Gross sales of inventory, less returns and allowances . . . a						
b Less cost of goods sold . . . b						
c Net income or (loss) from sales of inventory . . . ▶						
Miscellaneous Revenue		Business Code				
11a NON-OPERATING INCOME		900099	1,073		1,073	
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d ▶		1,073				
12 Total revenue. See Instructions ▶		244,963,920	244,870,375	0	75,428	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.				
2 Grants and other assistance to domestic individuals. See Part IV, line 22.				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.				
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.	6,640,057	3,473,539	3,166,518	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages.	73,558,811	61,627,975	11,930,836	
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions).	11,256,219	9,680,497	1,575,722	
9 Other employee benefits.	9,152,237	7,571,808	1,580,429	
10 Payroll taxes.	6,270,523	5,322,399	948,124	
11 Fees for services (non-employees):				
a Management.				
b Legal.	151,558		151,558	
c Accounting.	240,000	122,500	117,500	
d Lobbying.				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	13,786,044	12,473,597	1,312,447	
12 Advertising and promotion.				
13 Office expenses.	1,410,751	903,882	506,869	
14 Information technology.	3,031,594	3,002,917	28,677	
15 Royalties.				
16 Occupancy.	4,911,066	541,209	4,369,857	
17 Travel.	1,232,123	854,694	377,429	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	1,607,541	950,373	657,168	
20 Interest.	1,437,752		1,437,752	
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	28,320,587	24,072,500	4,248,087	
23 Insurance.	2,222,358	2,222,358		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a HARDWARE AND SOFTWARE E	25,693,957	24,716,757	977,200	
b RELIABILITY ORGANIZATIO	16,327,852		16,327,852	
c DUES AND SUBSCRIPTIONS	1,658,106	1,356,449	301,657	
d ALL OTHER EXPENSES	225,553	207,940	17,613	
e All other expenses.				
25 Total functional expenses. Add lines 1 through 24e.	209,134,689	159,101,394	50,033,295	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part IX ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	1,155,656	1	11,830,010
	2 Savings and temporary cash investments	1,055,853,919	2	1,337,982,880
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	9,158,647	4	9,007,026
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	26,364,563	9	27,792,710
	10a Land, buildings, and equipment—cost or other basis. Complete Part VI of Schedule D	925,040,348		
	b Less: accumulated depreciation	781,888,755		
		131,249,545	10c	143,151,593
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
	16 Total assets. Add lines 1 through 15 (must equal line 34)	1,223,782,330	16	1,529,764,219
Liabilities	17 Accounts payable and accrued expenses	14,848,954	17	15,790,794
	18 Grants payable		18	
	19 Deferred revenue	4,638,873	19	5,665,565
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	534,562,318	21	904,226,998
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	58,802,951	23	54,813,936
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24). Complete Part X of Schedule D	556,396,445	25	458,949,536
	26 Total liabilities. Add lines 17 through 25	1,169,249,541	26	1,439,446,829
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	54,532,789	27	90,317,390
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	54,532,789	33	90,317,390
	34 Total liabilities and net assets/fund balances	1,223,782,330	34	1,529,764,219

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	244,963,920
2	Total expenses (must equal Part IX, column (A), line 25)	2	209,134,689
3	Revenue less expenses Subtract line 2 from line 1	3	35,829,231
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	54,532,789
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-44,630
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	90,317,390

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

- 1** Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both
☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		No
2b	Yes	
2c	Yes	
3a		No
3b		

Additional Data

Software ID:
Software Version:
EIN: 74-2587416
Name: ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Form 990 (2018)

Form 990, Part III, Line 4a:
ERCOT SUCCESSFULLY MANAGES THE FLOW OF ELECTRICITY TO APPROXIMATELY 25 MILLION CUSTOMERS IN THE STATE OF TEXAS, WHICH INCLUDES THE MANAGEMENT OF FINANCIAL SETTLEMENT FOR THE COMPETITIVE WHOLESALE BULK-POWER MARKET AND THE ADMINISTRATION OF ELECTRIC PROVIDER ACCOUNT SWITCHING IN COMPETITIVE CHOICE AREAS

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
TONYA BAER BOARD MEMBER	4 00	X						0	0	0
RICK BLUNTZER BOARD MEMBER	1 00	X						0	0	0
TERRY BULGER BOARD MEMBER	8 00	X						65,250	0	0
PETER CRAMTON BOARD MEMBER	5 00	X						87,000	0	0
CRAVEN CROWELL BOARD MEMBER	15 00	X						99,800	0	0
KEITH EMERY BOARD MEMBER	4 00	X						0	0	0
NICK FEHRENBACH BOARD MEMBER	6 00	X						0	0	0
KEVIN GRESHAM BOARD MEMBER	5 00	X						0	0	0
SAM HARPER BOARD MEMBER	5 00	X						0	0	0
CLIFTON KARNEI BOARD MEMBER	4 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
KENNY MERCADO BOARD MEMBER	5 00	X						0	0	0
KARL PFIRRMANN BOARD MEMBER	10 00	X						92,600	0	0
CAROLYN SHELLMAN BOARD MEMBER	4 00	X						0	0	0
DEANN WALKER BOARD MEMBER	20 00	X						0	0	0
JUDY WALSH BOARD MEMBER	8 00	X						100,100	0	0
MARK CARPENTER SEGMENT ALTERNATE	4 00	X						0	0	0
SETH COCHRAN SEGMENT ALTERNATE	4 00	X						0	0	0
AMANDA FRAZIER SEGMENT ALTERNATE	4 00	X						0	0	0
MOSHIN HASSAN SEGMENT ALTERNATE	4 00	X						0	0	0
GLEN LYONS SEGMENT ALTERNATE	4 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JENNIFER RICHIE SEGMENT ALTERNATE	4 00	X						0	0	0
JACKIE SARGENT SEGMENT ALTERNATE	1 00	X						0	0	0
MARK SCHWIRTZ SEGMENT ALTERNATE	4 00	X						0	0	0
WILLIAM MAGNESS BOARD MEMBER, PRESIDENT & CEO	40 00	X		X				814,909	0	68,355
STEVE DANIELS VP, APPLICATION SERVICES & IT OPS	40 00			X				259,192	0	58,647
SALLIE BETTY DAY VP, GOVERNANCE, RISK & COMPLIANCE	40 00			X				277,170	0	73,764
JERRY DREYER SVP, & CIO	40 00			X				399,028	0	69,366
THERESA GAGE VP, EXTERNAL AFFAIRS & CORP COMM	40 00			X				308,040	0	50,055
VICKIE LEADY ASST GC AND ASST CORP SECRETARY	40 00			X				208,215	0	53,037
CHERYL MELE SVP & COO	40 00			X				440,955	0	59,879

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
KENAN OGLEMAN VP, COMMERCIAL OPERATIONS	40 00			X				302,965	0	47,017
MICHAEL PETTERSON VP AND CFO	40 00			X				322,141	0	73,528
DWAYNE RICKERSON VP, GRID PLANNING & OPERATIONS	40 00			X				301,464	0	69,442
CHAD SEELY SVP, GENERAL COUNSEL & GOVERNANCE	40 00			X				379,614	0	73,251
DIANE M WILLIAMS VP, HUMAN RESOURCES	40 00			X				311,875	0	58,747
BRYAN HANLEY DIRECTOR, IT INFRASTRUCTURE	40 00				X			225,301	0	62,452
JOHN MESSER DIRECTOR, IT APPLICATION DEVELOPMENT	40 00				X			195,980	0	58,311
MARK RUANE DIRECTOR, SETTLEMENTS RETAIL AND CREDIT	40 00				X			239,962	0	48,240
DAN WOODFIN SR DIRECTOR, SYSTEM OPERATIONS	40 00				X			231,774	0	52,629
AMANDA BAULD DIRECTOR, PROJECT MANAGEMENT OFFICE	40 00				X			205,580	0	29,958

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
NATHAN BIGBEE ASST GENERAL COUNSEL, REGULATOR	40 00					X		225,619	0	63,677
DAVID FORFIA DIRECTOR IT ARCHITECTURE	40 00					X		224,952	0	65,421
WARREN LASHER SENIOR DIRECTOR, SYSTEM PLANNING	40 00					X		215,520	0	49,405
JOEL MICKEY SR DIRECTOR WHOLESALE MARKET DESIGN	40 00					X		226,236	0	60,122

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
► Attach to Form 990.
► Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047

2018

Open to Public Inspection

Name of the organization
ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Employer identification number
74-2587416

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?

☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►

4 Number of states where property subject to conservation easement is located ►

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ►

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1

► \$

(ii) Assets included in Form 990, Part X

► \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1

► \$

b Assets included in Form 990, Part X

► \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a** ☐ Public exhibition
- b** ☐ Scholarly research
- c** ☐ Preservation for future generations
- d** ☐ Loan or exchange programs
- e** ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☒ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? . . . ☒ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☒

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Temporarily restricted endowment ▶

The percentages on lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		947,096		947,096
b Buildings		92,373,491	38,466,584	53,906,907
c Leasehold improvements		8,171,457	8,168,656	2,801
d Equipment		116,882,251	100,418,939	16,463,312
e Other		706,666,053	634,834,576	71,831,477
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				143,151,593

Part VII

Investments—Other Securities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

Part VIII

Investments—Program Related. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13) ▶		

Part IX

Other Assets. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) ▶	

Part X

Other Liabilities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
CRRAH/QSE SECURITY DEPOSITS	458,524,020
ACCR POST RET BENEFIT OBLIGATION	411,974
DEFERRED RENT COSTS	13,542
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	458,949,536

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

☒

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	244,963,920
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	244,963,920
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	244,963,920

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	209,179,319
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	209,179,319
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	-44,630
c	Add lines 4a and 4b	4c	-44,630
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	209,134,689

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation
See Additional Data Table	

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 74-2587416
Name: ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Supplemental Information

Return Reference	Explanation
PART IV, LINE 2B	ERCOT IS THE CENTRAL COUNTERPARTY FOR ALL TRANSACTIONS SETTLED BY ERCOT PURSUANT TO ERCOT PROTOCOLS AND IS DEEMED TO BE THE SOLE BUYER TO EACH SELLER, AND THE SOLE SELLER TO EACH BUYER, OF ALL ENERGY, ANCILLARY SERVICES, RELIABILITY UNIT COMMITMENTS (RUCS), EMERGENCY RESPONSE SERVICE (ERS), AND OTHER PRODUCTS OR SERVICES FOR WHICH ERCOT MAY PAY OR CHARGE A MARKET PARTICIPANT EXCEPT FOR THOSE PRODUCTS OR SERVICES THAT ARE SELF-ARRANGED BY MARKET PARTICIPANTS. ERCOT PERFORMS SETTLEMENTS FOR ALL TRANSACTIONS SUBJECT TO THE FINANCIAL SETTLEMENT PROCESS IN ACCORDANCE WITH ERCOT PROTOCOLS. THE SETTLEMENT PROCESS IS USED TO RESOLVE FINANCIAL OBLIGATIONS FOR MARKET SERVICES PROCURED THROUGH ERCOT FOR REGISTERED MARKET PARTICIPANTS. ADDITIONALLY, AS REQUIRED BY ERCOT PROTOCOLS, ERCOT EXECUTES AUCTIONS FOR CONGESTION REVENUE RIGHTS MONTHLY AND ANNUALLY AND DISTRIBUTES PROCEEDS FROM THESE AUCTIONS TO MARKET PARTICIPANTS AS REQUIRED BY ERCOT PROTOCOLS.

Supplemental Information

Return Reference	Explanation
PART X, LINE 2	ERCOT IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(A) OF THE INTERNAL REVENUE CODE AS AN ORGANIZATION DESCRIBED IN SECTION 501(C)(4) THE COMPANY IS ALSO EXEMPT FROM STATE INCOME TAXES ACCORDINGLY, NO PROVISION FOR INCOME TAXES OR UNCERTAIN TAX POSITIONS HAS BEEN REFLECTED IN THE FINANCIAL STATEMENTS

Supplemental Information	
Return Reference	Explanation
PART XII, LINE 4B - OTHER ADJUSTMENTS	CHANGE IN DEFERRED PENSION COSTS -44,630

Schedule J (Form 990)	<div>Compensation Information</div> <div>For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees</div> <div>▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23. ▶ Attach to Form 990.</div> <div>▶ Go to www.irs.gov/Form990 for instructions and the latest information.</div>	OMB No 1545-0047
		2018
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization ELECTRIC RELIABILITY COUNCIL OF TEXAS INC	Employer identification number 74-2587416
--	--	--

Part I Questions Regarding Compensation		Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.		1b	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?		2	Yes
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.			
<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a Receive a severance payment or change-of-control payment?		4a	No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		4b	No
c Participate in, or receive payment from, an equity-based compensation arrangement?		4c	No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a The organization?		5a	No
b Any related organization?		5b	No
If "Yes," on line 5a or 5b, describe in Part III.			
6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a The organization?		6a	No
b Any related organization?		6b	No
If "Yes," on line 6a or 6b, describe in Part III.			
7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described in lines 5 and 6? If "Yes," describe in Part III.		7	No
8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.		8	No
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		9	

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

See Additional Data Table**Schedule J (Form 990) 2018**

Part III **Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Additional Data

Software ID:
Software Version:
EIN: 74-2587416
Name: ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
WILLIAM MAGNESS BOARD MEMBER, PRESIDENT & CEO	(i)	814,909	0	0	36,500	31,855	883,264	0
	(ii)	0	0	0	0	0	0	0
STEVE DANIELS VP, APPLICATION SERVICES & IT OPS	(i)	259,192	0	0	26,380	32,267	317,839	0
	(ii)	0	0	0	0	0	0	0
SALLIE BETTY DAY VP, GOVERNANCE, RISK & COMPLIANCE	(i)	277,170	0	0	39,875	33,889	350,934	0
	(ii)	0	0	0	0	0	0	0
JERRY DREYER SVP, & CIO	(i)	399,028	0	0	39,875	29,491	468,394	0
	(ii)	0	0	0	0	0	0	0
THERESA GAGE VP, EXTERNAL AFFAIRS & CORP COMM	(i)	308,040	0	0	39,875	10,180	358,095	0
	(ii)	0	0	0	0	0	0	0
VICKIE LEADY ASST GC AND ASST CORP SECRETARY	(i)	208,088	127	0	30,876	22,161	261,252	0
	(ii)	0	0	0	0	0	0	0
CHERYL MELE SVP & COO	(i)	440,945	10	0	36,500	23,379	500,834	0
	(ii)	0	0	0	0	0	0	0
KENAN OGLEMAN VP, COMMERCIAL OPERATIONS	(i)	302,965	0	0	36,718	10,299	349,982	0
	(ii)	0	0	0	0	0	0	0
MICHAEL PETTERSON VP AND CFO	(i)	322,141	0	0	39,558	33,970	395,669	0
	(ii)	0	0	0	0	0	0	0
DWAYNE RICKERSON VP, GRID PLANNING & OPERATIONS	(i)	301,464	0	0	40,038	29,404	370,906	0
	(ii)	0	0	0	0	0	0	0
CHAD SEELY SVP, GENERAL COUNSEL & GOVERNANCE	(i)	379,614	0	0	39,875	33,376	452,865	0
	(ii)	0	0	0	0	0	0	0
DIANE M WILLIAMS VP, HUMAN RESOURCES	(i)	311,875	0	0	36,500	22,247	370,622	0
	(ii)	0	0	0	0	0	0	0
BRYAN HANLEY DIRECTOR, IT INFRASTRUCTURE	(i)	225,301	0	0	32,859	29,593	287,753	0
	(ii)	0	0	0	0	0	0	0
JOHN MESSER DIRECTOR, IT APPLICATION DEVELOPMENT	(i)	194,593	1,387	0	28,734	29,577	254,291	0
	(ii)	0	0	0	0	0	0	0
MARK RUANE DIRECTOR, SETTLEMENTS RETAIL AND CRE	(i)	238,633	1,329	0	35,130	13,110	288,202	0
	(ii)	0	0	0	0	0	0	0
DAN WOODFIN SR. DIRECTOR, SYSTEM OPERATIONS	(i)	227,644	4,130	0	33,690	18,939	284,403	0
	(ii)	0	0	0	0	0	0	0
AMANDA BAULD DIRECTOR, PROJECT MANAGEMENT OFFICE	(i)	201,727	3,853	0	29,742	216	235,538	0
	(ii)	0	0	0	0	0	0	0
NATHAN BIGBEE ASST GENERAL COUNSEL, REGULATOR	(i)	225,619	0	0	31,958	31,719	289,296	0
	(ii)	0	0	0	0	0	0	0
DAVID FORFIA DIRECTOR IT ARCHITECTURE	(i)	224,952	0	0	33,154	32,267	290,373	0
	(ii)	0	0	0	0	0	0	0
WARREN LASHER SENIOR DIRECTOR, SYSTEM PLANNING	(i)	215,520	0	0	31,363	18,042	264,925	0
	(ii)	0	0	0	0	0	0	0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees								
(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
JOEL MICKEY SR DIRECTOR WHOLESALE MARKET DESIGN	(i)	226,236	0	0	27,854	32,268	286,358	0
	(ii)	0	0	0	0	0	0	0

Schedule L

(Form 990 or 990-EZ)

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ.
▶Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047

2018

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Employer identification number
74-2587416

Part I

Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only)
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2

Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II

Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
Total						▶ \$						

Part III

Grants or Assistance Benefiting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) BRAZOS ELECTRIC POWER COOPERATIVE	SEE PART V BELOW	485,359,360	SEE PART V BELOW		No
(2) TENASKA POWER SERVICES	SEE PART V BELOW	350,635,034	SEE PART V BELOW		No
(3) GOLDEN SPREAD ELECTRIC COOPERATIVE	SEE PART V BELOW	80,293,051	SEE PART V BELOW		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCHEDULE L, PART IV - (1)(B)	CLIFTON KARNEI WAS A 2018 BOARD MEMBER OF ERCOT (COOPERATIVE MARKET SEGMENT DIRECTOR) AND ALSO EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER OF BRAZOS ELECTRIC POWER COOPERATIVE, INC
SCHEDULE L, PART IV - (1)(D)	PAYMENT OF GOVERNMENTALLY-APPROVED TARIFF, ANCILLARY SERVICE FEES, AND MEMBERSHIP DUES
SCHEDULE L, PART IV - (2)(B)	KEITH EMERY WAS A 2018 BOARD MEMBER OF ERCOT (INDEPENDENT POWER MARKETER MARKET SEGMENT DIRECTOR) AND ALSO VICE PRESIDENT OF TENASKA POWER SERVICES CORP
SCHEDULE L, PART IV - (2)(D)	PAYMENT OF GOVERNMENTALLY-APPROVED TARIFF, ANCILLARY SERVICE FEES, AND MEMBERSHIP DUES
SCHEDULE L, PART IV - (3)(B)	MARK SCHWIRTZ WAS A 2018 BOARD MEMBER OF ERCOT (COOPERATIVE MARKET SEGMENT ALTERNATE) AND ALSO PRESIDENT AND CEO OF GOLDEN SPREAD ELECTRIC COOPERATIVE
SCHEDULE L, PART IV - (3)(D)	PAYMENT OF GOVERNMENTALLY-APPROVED TARIFF, ANCILLARY SERVICE FEES, AND MEMBERSHIP DUES

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury

Name of the organization

ELECTRIC RELIABILITY COUNCIL OF TEXAS
INC

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047

2018

**Open to Public
Inspection**

Employer identification number

74-2587416

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART I, LINE 1	ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC (ERCOT) LESSENS THE BURDENS OF GOVERNMENT, SERVES THE PUBLIC INTEREST BY, AND FULFILLS ITS STATUTORY OBLIGATION BY (I) ENSURING OPEN ACCESS TO TRANSMISSION AND DISTRIBUTION SYSTEMS, (II) MAINTAINING SYSTEM RELIABILITY AND OPERATIONS, (III) ENABLING RETAIL CHOICE, OPERATING FAIR AND COMPETITIVE WHOLESALE MARKETS, (IV) MAINTAINING THE RENEWABLE ENERGY CREDITS REGISTRY, AND (V) PROVIDING LEADERSHIP AND INDEPENDENT EXPERTISE TO IMPROVE SYSTEM RELIABILITY AND MARKET EFFICIENCY ERCOT MANAGES THE FLOW OF ELECTRIC POWER TO MORE THAN 25 MILLION TEXAS CUSTOMERS REPRESENTING ABOUT 90 PERCENT OF THE STATE'S ELECTRIC LOAD AS THE INDEPENDENT SYSTEM OPERATOR FOR THE REGION, ERCOT SCHEDULES POWER ON AN ELECTRIC GRID THAT CONNECTS MORE THAN 46,500 MILES OF TRANSMISSION LINES AND 650+ GENERATION UNITS ERCOT ALSO PERFORMS FINANCIAL SETTLEMENT FOR THE COMPETITIVE WHOLESALE BULK-POWER MARKET AND ADMINISTERS RETAIL SWITCHING FOR 8 MILLION PREMISES IN COMPETITIVE CHOICE AREAS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 1	PURSUANT TO SECTION 39.151 OF THE TEXAS PUBLIC UTILITY REGULATORY ACT, THE ERCOT BOARD OF DIRECTORS IS COMPOSED OF SIXTEEN MEMBERS. FIFTEEN OF THE MEMBERS HAVE VOTING RIGHTS, THE CHAIR OF THE PUBLIC UTILITY COMMISSION OF TEXAS IS AN EX-OFFICIO NON-VOTING MEMBER. EIGHT OF THE VOTING DIRECTORS REPRESENT SEVEN SEGMENTS OF INDUSTRY IN THE ERCOT ELECTRICITY MARKET (AS THE CONSUMER SEGMENT IS FURTHER DIVIDED INTO SUBSEGMENTS), EACH SUCH MARKET SEGMENT DIRECTOR HAS AN ELECTED ALTERNATE (SEGMENT ALTERNATE) WHO CAN ATTEND MEETINGS IN THE ABSENCE OF THE MARKET SEGMENT DIRECTOR AND VOTE ON THE ABSENT MARKET SEGMENT DIRECTOR'S BEHALF IN THE EVENT THAT SUCH MARKET SEGMENT DIRECTOR CANNOT ATTEND A BOARD MEETING. TWO OTHER VOTING DIRECTORS, ARE ALSO EX-OFFICIO DIRECTORS - ONE REPRESENTS A SUBSEGMENT OF THE CONSUMER SEGMENT AS PUBLIC COUNSEL AND THE OTHER IS THE CHIEF EXECUTIVE OFFICER OF ERCOT -- AND NEITHER HAVE ANY RESPECTIVE SEGMENT ALTERNATES. FIVE OF THE OTHER VOTING DIRECTORS ARE UNAFFILIATED WITH RESPECT TO ANY MARKET SEGMENT AND DO NOT HAVE ANY SEGMENT ALTERNATES.

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	AS OF DECEMBER 31, 2018, ERCOT'S MEMBERSHIP INCLUDED 303 VOTING AND NON-VOTING MEMBERS. ERCOT MEMBERS MAY BE CORPORATE MEMBERS, ASSOCIATE MEMBERS, OR ADJUNCT MEMBERS. CORPORATE MEMBERS HAVE THE RIGHT TO VOTE ON ALL MATTERS SUBMITTED TO THE GENERAL MEMBERSHIP [SUCH AS THE ELECTION OF DIRECTORS, ELECTION OF TECHNICAL ADVISORY COMMITTEE (TAC) REPRESENTATIVES, AND AMENDMENTS TO THE CERTIFICATE OF FORMATION AND BYLAWS]. CORPORATE MEMBERS QUALIFY IN ONE OF SEVEN SEGMENTS: COOPERATIVE, INDEPENDENT GENERATOR, INDEPENDENT POWER MARKETER, INDEPENDENT RETAIL ELECTRIC PROVIDER, INVESTOR OWNED UTILITY, MUNICIPAL (I.E. A MUNICIPAL-OWNED UTILITY OR A RIVER AUTHORITY), OR CONSUMER (WHICH HAS SUBSEGMENTS INCLUDING COMMERCIAL, INDUSTRIAL AND RESIDENTIAL). ASSOCIATE AND ADJUNCT MEMBERS DO NOT HAVE THE RIGHT TO VOTE ON ANY MATTER SUBMITTED TO THE GENERAL MEMBERSHIP, AND ADJUNCT MEMBERS DO NOT HAVE THE RIGHT TO BE ELECTED OR APPOINTED TO THE ERCOT BOARD, TAC, OR ANY SUBCOMMITTEE OF THE BOARD OR TAC.

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THIRTEEN OF THE FIFTEEN VOTING MEMBERS OF THE ERCOT BOARD OF DIRECTORS ARE ELECTED, OR APPOINTED IN LIMITED CIRCUMSTANCES, BY THE CORPORATE MEMBERS OR A PORTION OF SUCH CORPORATE MEMBERS WITH RESPECT TO EACH OF THE SIX MARKET SEGMENT DIRECTORS WHO DO NOT REPRESENT THE CONSUMER SUBSEGMENTS, ONLY THE CORPORATE MEMBERS OF THE MEMBERSHIP SEGMENT REPRESENTED BY THE MARKET SEGMENT DIRECTOR ARE ALLOWED TO ELECT THE DIRECTOR AND THE SEGMENT ALTERNATE FOR THAT SEAT THERE ARE THREE CONSUMER DIRECTORS, OF WHICH (I) ONE IS THE PUBLIC COUNSEL, AN EX OFFICIO VOTING MEMBER OF THE BOARD WHO IS DESIGNATED TO REPRESENT RESIDENTIAL CONSUMERS AND SMALL COMMERCIAL CONSUMERS, (II) ONE IS ELECTED OR APPOINTED BY THE LARGE COMMERCIAL CONSUMER CORPORATE MEMBERS, AND (III) ONE IS ELECTED BY THE CORPORATE MEMBERS OF THE INDUSTRIAL CONSUMER SUBSEGMENT THE MEMBERSHIP VOTES BY SEGMENT TO ELECT THE FIVE UNAFFILIATED VOTING DIRECTORS THE REMAINING VOTING DIRECTOR IS THE CHIEF EXECUTIVE OFFICER OF ERCOT, WHO IS AN EX OFFICIO VOTING MEMBER OF THE BOARD

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	AS A MATTER OF STATE LAW OR ITS GOVERNING DOCUMENTS, CERTAIN MATERIAL MATTERS MUST BE SUBMITTED TO THE VOTING MEMBERS OF ERCOT FOR THEIR APPROVAL, INCLUDING AMENDMENTS TO THE CERTIFICATE OF FORMATION AND THE BYLAWS DECISIONS OF THE ERCOT BOARD ARE GENERALLY APPEALABLE TO THE PUBLIC UTILITY COMMISSION OF TEXAS, AN AGENCY OF THE STATE OF TEXAS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11B	THE 2018 FORM 990 WAS PREPARED INITIALLY BY THE FINANCE DEPARTMENT OF ERCOT IT WAS REVIEWED BY ERCOT OFFICERS AS WELL AS INTERNAL LEGAL COUNSEL, AND SUBMITTED FOR REVIEW BY ERCOT'S INDEPENDENT AUDITORS THE FORM 990 WAS PROVIDED TO THE BOARD OF DIRECTORS IN ADVANCE OF, AND FOR ITS CONSIDERATION AND INPUT AT ITS MEETING ON JUNE 11, 2019 THE FINAL VERSION OF THE 2018 FORM 990, INCORPORATING THE COMMENTS OF ALL FOREGOING, WAS THEN FILED WITH THE INTERNAL REVENUE SERVICE

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>EACH DIRECTOR AND SEGMENT ALTERNATE ANNUALLY MUST EXECUTE AN ETHICS AGREEMENT FOR DIRECTORS AND SEGMENT ALTERNATES, AND EACH EMPLOYEE ANNUALLY MUST ATTEND INTERNAL TRAINING SESSIONS AND EXECUTE AN EMPLOYEE ETHICS AGREEMENT PURSUANT TO EACH ETHICS AGREEMENT, A SIGNATORY HAS AN AFFIRMATIVE DUTY TO DISCLOSE ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST OF THE SIGNATORY (AND HIS OR HER EMPLOYER, IN THE CASE OF DIRECTORS OR SEGMENT ALTERNATES), AND ALSO MUST DISCLOSE ALL PERSONAL RELATIONSHIPS WITH ERCOT VENDORS, INCLUDING BUSINESS OR DIRECT OR INDIRECT OWNERSHIP INTERESTS ANY CONFLICT OF INTEREST ISSUE INVOLVING A DIRECTOR OR SEGMENT ALTERNATE IS REFERRED TO THE ERCOT GENERAL COUNSEL WHO, IN CONSULTATION WITH THE BOARD CHAIR AND OUTSIDE LEGAL COUNSEL, IF AND WHEN NECESSARY, MAKES A LEGAL DETERMINATION AS TO WHETHER A CONFLICT EXISTS AND, IF SO, A RECOMMENDATION AS TO HOW IT MAY BE RESOLVED ANY CONFLICT AND ITS RESOLUTION ARE REPORTED TO THE FULL BOARD OF DIRECTORS AND TO THE HUMAN RESOURCE & GOVERNANCE (HR&G) COMMITTEE OF THE BOARD, AS NEEDED ANY OBJECTION TO THE RECOMMENDATION IS RESOLVED BY THE HR&G COMMITTEE OR THE FULL BOARD ANY ERCOT EMPLOYEE CONFLICTS ARE EVALUATED BY THE ERCOT LEGAL STAFF, AND THE LEGAL STAFF MAKES A RECOMMENDATION TO RESOLVE THE CONFLICT OF INTEREST IF THE ERCOT LEGAL STAFF RECOMMENDS A RESOLUTION THAT IS OBJECTIONABLE TO THE MANAGER/DIRECTOR/OFFICER OF THE CONFLICTED EMPLOYEE, THE LEGAL DECISION IS REFERRED TO THE CHIEF EXECUTIVE OFFICER AND ULTIMATELY TO THE BOARD'S HR&G COMMITTEE</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>IN DETERMINING COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER, ERCOT FOLLOWS A PROCEDURE WHICH ENSURES THAT (I) COMPENSATION IS APPROVED IN ADVANCE BY THE HR&G COMMITTEE OF THE BOARD OF DIRECTORS AND THE BOARD ITSELF, (II) THE BOARD AND THE HR&G COMMITTEE OBTAINS AND RELIES UPON APPROPRIATE DATA FOR COMPARABILITY, (III) THE BOARD AND THE HR&G COMMITTEE EACH ADEQUATELY DOCUMENTS THE BASIS FOR ITS RESPECTIVE DETERMINATION, AND (IV) THE PUBLIC UTILITY COMMISSION OF TEXAS REVIEWS ANY COMPENSATION TO BE PAID TO THE CHIEF EXECUTIVE OFFICER. IN PRACTICE, THE HR&G COMMITTEE OF THE BOARD OF DIRECTORS REVIEWS PROPOSED CHANGES TO CHIEF EXECUTIVE OFFICER COMPENSATION AND SUBMITS RECOMMENDATIONS TO THE BOARD FOR ITS APPROVAL BY ALL UNINTERESTED MEMBERS OF THE BOARD OF THE DIRECTORS (THAT IS, ALL BOARD MEMBERS EXCEPT THE CHIEF EXECUTIVE OFFICER WHO IS REQUIRED TO ABSTAIN FROM SUCH VOTE). IN ITS REVIEW, THE HR&G COMMITTEE CAN REQUEST INFORMATION FROM INDEPENDENT COMPENSATION CONSULTANTS, AND THEY RECEIVE INFORMATION ANNUALLY IN REGARDS TO THE COMPENSATION LEVELS OF SIMILAR ORGANIZATIONS FROM FORMS 990 AND OTHER SOURCES. ADDITIONALLY, COMPENSATION SURVEYS/STUDIES ARE PERFORMED, AS NEEDED, TO PROVIDE INSIGHT INTO THE ELEMENTS OF COMPENSATION. THE COMPENSATION-RELATED INFORMATION AND HR&G COMMITTEE RECOMMENDATIONS ARE SUBMITTED TO THE BOARD OF DIRECTORS FOR ITS CONSIDERATION AND APPROVAL. A REVIEW OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION IS PERFORMED ANNUALLY EXCEPT IN THOSE LIMITED INSTANCES IN WHICH THE COMPENSATION HAS BEEN DETERMINED PURSUANT TO THE PROVISIONS OF AN EMPLOYMENT AGREEMENT FOR A TERM EXCEEDING A YEAR BETWEEN ERCOT AND THE CHIEF EXECUTIVE OFFICER, WHICH HAS BEEN APPROVED BY THE BOARD OF DIRECTORS, AND ALL DECISIONS REGARDING THE CHIEF EXECUTIVE OFFICER'S COMPENSATION ARE DOCUMENTED AND MAINTAINED. FURTHERMORE, THE PUBLIC UTILITY COMMISSION OF TEXAS SUBSTANTIVE RULES RELATED TO ERCOT GOVERNANCE REQUIRE THAT ALL COMPENSATION TO BE PAID TO THE CHIEF EXECUTIVE OFFICER IS SUBJECT TO REVIEW AND APPROVAL BY THE PUBLIC UTILITY COMMISSION OF TEXAS. 15(B) IN DETERMINING COMPENSATION FOR OFFICERS WHO ARE THE DIRECT REPORTS OF THE CHIEF EXECUTIVE OFFICER, ERCOT FOLLOWS A PROCEDURE WHICH ENSURES THAT (I) COMPENSATION IS FULLY DISCLOSED IN ADVANCE TO THE HR&G COMMITTEE OF THE BOARD OF DIRECTORS, (II) THE HR&G COMMITTEE OBTAINS AND RELIES UPON APPROPRIATE DATA FOR COMPARABILITY, AND (III) THE HR&G COMMITTEE ADEQUATELY DOCUMENTS THE BASIS FOR ITS DETERMINATION. FOR HIS DIRECT REPORTS, THE CHIEF EXECUTIVE OFFICER INFORMS THE HR&G COMMITTEE OF PROPOSED OFFICER PAY AMOUNTS. FOR OFFICERS WHO ARE NOT THE DIRECT REPORTS OF THE CEO OR KEY EMPLOYEES, COMPENSATION IS REVIEWED AND DETERMINED BY THEIR APPROPRIATE OFFICER. FOR REVIEW OF ALL OFFICER AND KEY EMPLOYEE COMPENSATION, ERCOT USES PERFORMANCE AND DATA OBTAINED RELATING TO COMPARABLE COMPENSATION OF SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT COMPARABLE ORGANIZATIONS, INCLUDING COMPENSATION SURVEYS AND</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	FORMS 990 THE HR&G COMMITTEE CAN REQUEST INFORMATION FROM INDEPENDENT COMPENSATION CONSULTANTS OFFICER AND KEY EMPLOYEE COMPENSATION IS REVIEWED ANNUALLY, AND ALL DECISIONS REGARDING OFFICER AND KEY EMPLOYEE COMPENSATION ARE DOCUMENTED AND MAINTAINED

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	ERCOT'S GOVERNING DOCUMENTS, CODE OF CONDUCT, AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC THROUGH THE ERCOT WEBSITE (WWW.ERCOT.COM)

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART XI, LINE 9	DEFERRED PENSION COSTS -44,630